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October 29, 2014

Board of Directors
Fort Wayne/Allen County Convention and Visitors Bureau, Inc.
d/b/a: Visit Fort Wayne
927 S. Harrison Street
Suite 101
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Baden, Gage & Schroeder, LLC, for the period January 1, 2011 to December 31, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Fort Wayne/Allen County Convention and Visitors Bureau, Inc., as of December 31, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Financial Statements

**Fort Wayne/Allen County
Convention and Visitors Bureau, Inc.
dba: Visit Fort Wayne**

December 31, 2012 and 2011

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Financial Statements
December 31, 2012 and 2011

INDEX

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 11



Certified Public Accountants • Business Consultants

Independent Auditors' Report

The Board of Directors
Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne
Fort Wayne, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Baden, Gage & Schroeder, LLC".

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
February 26, 2013

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



**Statements of Financial Position
December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 973,413	\$ 798,078
Accounts receivable - industry partner advertising	42,925	44,100
Accounts receivable - other	10,603	23,038
Prepaid expenses and other assets	<u>39,393</u>	<u>23,804</u>
Total Current Assets	1,066,334	889,020
PROPERTY AND EQUIPMENT		
General equipment	122,236	119,368
Computers and equipment	97,262	91,117
Leasehold improvements	178,553	178,553
Furniture and fixtures	<u>102,858</u>	<u>102,858</u>
	500,909	491,896
Less: Accumulated depreciation	<u>253,044</u>	<u>210,775</u>
Net Property and Equipment	<u>247,865</u>	<u>281,121</u>
TOTAL ASSETS	<u>\$ 1,314,199</u>	<u>\$ 1,170,141</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued liabilities	\$ 20,718	\$ 17,461
Accrued paid absences	28,370	24,337
Deferred income - information kiosk advertising	14,512	22,242
Deferred income - industry partner advertising	158,300	152,525
Deferred income - program	<u>6,022</u>	<u>5,117</u>
Total Current Liabilities	227,922	221,682
NET ASSETS		
Unrestricted	<u>1,086,277</u>	<u>948,459</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,314,199</u>	<u>\$ 1,170,141</u>

See Notes to Financial Statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**

Statements of Activities
Years Ended December 31, 2012 and 2011

	2012		
	Unrestricted	Temporarily Restricted	Total
REVENUES			
Room tax revenue	\$ 1,208,155	\$ -	\$ 1,208,155
Grants, awards and sponsorships	400	-	400
Kiosk advertising	36,412	-	36,412
Industry partner advertising	159,695	-	159,695
Program fees	19,190	-	19,190
Promotional participation	39,370	-	39,370
Merchandise sales	19,480	-	19,480
Interest	1,522	-	1,522
Gain on sale of property & equipment	3,000	-	3,000
Other	5,662	-	5,662
Net assets released from restrictions due to satisfaction of purpose restrictions	-	-	-
Total Revenues	1,492,886	-	1,492,886
EXPENSES			
Personnel Expenses:			
Salaries and wages	468,832	-	468,832
Payroll taxes and employee benefits	159,727	-	159,727
	628,559	-	628,559
Promotion and Marketing Expenses:			
Advertising, media	162,891	-	162,891
Advertising, print	64,240	-	64,240
Advertising, website	46,164	-	46,164
Community relations	11,167	-	11,167
Family tours & site visits	200	-	200
Event hosting	100,619	-	100,619
Information kiosk & industry partner programs	19,947	-	19,947
Promotional giveaways	12,711	-	12,711
Merchandise, resale	16,798	-	16,798
Research	5,300	-	5,300
Trade show participation	12,883	-	12,883
Travel and entertainment	32,887	-	32,887
	485,807	-	485,807

(Continued)

2011		
Unrestricted	Temporarily Restricted	Total
\$ 1,068,268	\$ -	\$ 1,068,268
69,000	-	69,000
35,939	-	35,939
140,350	-	140,350
38,670	-	38,670
6,810	-	6,810
20,207	-	20,207
1,776	-	1,776
-	-	-
18,299	-	18,299
<u>7,693</u>	<u>(7,693)</u>	<u>-</u>
1,407,012	(7,693)	1,399,319
439,310	-	439,310
<u>153,735</u>	<u>-</u>	<u>153,735</u>
593,045	-	593,045
148,865	-	148,865
58,045	-	58,045
23,054	-	23,054
9,742	-	9,742
177	-	177
90,449	-	90,449
17,334	-	17,334
8,905	-	8,905
16,106	-	16,106
18,600	-	18,600
14,333	-	14,333
<u>24,654</u>	<u>-</u>	<u>24,654</u>
430,264	-	430,264

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**

Statements of Activities (Continued)
Years Ended December 31, 2012 and 2011

	2012		
	Unrestricted	Temporarily Restricted	Total
EXPENSES (Continued)			
General and Administrative Expenses:			
Audit & legal fees	\$ 16,212	\$ -	\$ 16,212
Bad debt expense	-	-	-
Depreciation and amortization	70,322	-	70,322
Dues and subscriptions	11,759	-	11,759
Equipment improvements/furniture & fixtures	5,730	-	5,730
Insurance - general	8,057	-	8,057
Miscellaneous	4,037	-	4,037
Office supplies and photocopying	12,623	-	12,623
Postage	19,288	-	19,288
Product development	-	-	-
Repairs and maintenance	4,526	-	4,526
Rent	70,530	-	70,530
Technology services	7,671	-	7,671
Telecommunications	9,947	-	9,947
	<u>240,702</u>	<u>-</u>	<u>240,702</u>
Total Expenses	<u>1,355,068</u>	<u>-</u>	<u>1,355,068</u>
CHANGE IN NET ASSETS	137,818	-	137,818
NET ASSETS, BEGINNING OF YEAR	<u>948,459</u>	<u>-</u>	<u>948,459</u>
NET ASSETS, END OF YEAR	<u>\$ 1,086,277</u>	<u>\$ -</u>	<u>\$ 1,086,277</u>

See Notes to Financial Statements.

2011		
Unrestricted	Temporarily Restricted	Total
\$ 14,819	\$ -	\$ 14,819
975	-	975
63,193	-	63,193
7,924	-	7,924
2,543	-	2,543
6,728	-	6,728
6,912	-	6,912
16,090	-	16,090
24,021	-	24,021
8,813	-	8,813
3,324	-	3,324
70,530	-	70,530
11,427	-	11,427
<u>11,913</u>	<u>-</u>	<u>11,913</u>
<u>249,212</u>	<u>-</u>	<u>249,212</u>
<u>1,272,521</u>	<u>-</u>	<u>1,272,521</u>
134,491	(7,693)	126,798
<u>813,968</u>	<u>7,693</u>	<u>821,661</u>
<u>\$ 948,459</u>	<u>\$ -</u>	<u>\$ 948,459</u>

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



**Statements of Cash Flows
Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 137,818	\$ 126,798
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided By Operating Activities:		
Depreciation and amortization	70,322	63,193
Reinvested interest on certificates of deposit	-	(285)
Gain on sale of property and equipment	(3,000)	-
Bad debt expense	-	975
(Increase) Decrease in Assets:		
Accounts receivable - industry partner advertising	1,175	12,323
Accounts receivable - other	12,435	32,499
Prepaid expenses and other assets	(15,589)	3,148
Increase (Decrease) in Liabilities:		
Accrued liabilities	3,257	(19,115)
Accrued paid absences	4,033	6,554
Deferred income - information kiosk advertising	(7,730)	(1,674)
Deferred income - industry partner advertising	5,775	14,244
Deferred income - program	905	(50,100)
Net Cash Provided By Operating Activities	209,401	188,560
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(34,066)	(31,466)
Proceeds from maturity of certificates of deposit	-	287,076
Net Cash Provided By (Used In) Investing Activities	(34,066)	255,610
NET INCREASE IN CASH	175,335	444,170
CASH, BEGINNING OF YEAR	<u>798,078</u>	<u>353,908</u>
CASH, END OF YEAR	<u>\$ 973,413</u>	<u>\$ 798,078</u>

See Notes to Financial Statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Financial Statements
December 31, 2012 and 2011

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

The Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne is a not-for-profit organization which conducts marketing and sales programs to attract visitors to the convention and tourism facilities in the area in order to derive the economic and social benefits of a prosperous tourism industry. Its goal is to enhance the area's image as a destination for conventions, trade shows and leisure trips. The organization is governed by a board of directors comprised of appointees by the Mayor of Fort Wayne, the Commissioners of Allen County, The Fort Wayne/Allen County Convention and Tourism Authority (Grand Wayne Center) and the Allen County War Memorial Coliseum (Coliseum), as well as volunteer representatives from the hospitality industry and business community at large.

Visit Fort Wayne's major source of revenue is two percentage points (28%) of a 7% hotel room tax levy collected by the State under the Indiana Revenue Code IC 6-8.1-37. Other significant sources of revenue include grants, contributions and industry partner advertising revenue collected from local businesses interested in promoting tourism.

Basis of Presentation:

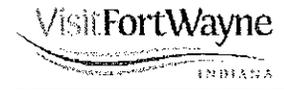
The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations and may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily Restricted Net Assets: Net assets that are available for use, but expendable only for those purposes specified by the grantor. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. At December 31, 2012 and 2011, Visit Fort Wayne had no temporarily restricted net assets

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at December 31, 2012 and 2011.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates:

The preparation of Visit Fort Wayne's financial statements in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has not provided an allowance for doubtful accounts because the estimate of any loss has been deemed immaterial to the financial statements.

Property and Equipment:

Expenditures in excess of \$1,000 for major additions and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Purchases of property and equipment are stated at cost and are being depreciated using the straight-line method of depreciation over the estimated useful lives of the assets as follows:

General equipment	3 - 10 years
Computers and equipment	3 - 5 years
Leasehold improvements	3 - 5 years
Furniture and fixtures	3 - 5 years

Deferred Revenue:

Income from industry partner advertising and information kiosk advertising is deferred and recognized over the periods to which the marketing and promotions relate. Deferred program fees are recognized as the event takes place.

Revenue Recognition:

Revenues from hotel room tax is recorded at the time of receipt. Industry partner and kiosk advertising is recognized over the periods to which the marketing and promotions relate. Revenues generated from merchandise sales are recognized upon sale of the items.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The amounts representing temporarily restricted net assets on the statement of financial position are to be set aside and used to reduce the rents at the Memorial Coliseum in order to entice sporting and other events to come to the Fort Wayne area. Amounts released from restrictions on the statement of activities represent amounts paid to reduce such rents.

Advertising Costs:

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2012 and 2011 were \$273,295 and \$229,964, respectively.

Income Taxes:

Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne is incorporated in the State of Indiana as a 501(c)(6) organization; and therefore, is exempt from federal and state taxes. No provision for income taxes is included in these financial statements.

The accounting standard which provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2012. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2009.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Financial Statements (Continued)
December 31, 2012 and 2011

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Subsequent Events:

Management of Visit Fort Wayne has evaluated events and transactions for possible recognition or disclosure through February 26, 2013, the date the financial statements were available to be issued.

Note 2. Building Lease

Visit Fort Wayne leases office space for its main facilities. The current agreement was entered into effective October 1, 2010, to lease office space for an initial term of ten years with two additional five year options to renew. Rent is due in the amount of \$5,878 per month with rate adjustments after years four and eight and, also, upon renewing the lease. Lease expense for the years ended December 31, 2012 and 2011, was \$70,530 for both years.

Minimum annual lease obligations are as follows:

2013	\$ 70,530
2014	70,530
2015	70,530
2016	70,530
2017	70,530
Thereafter	<u>193,957</u>
	<u>\$ 546,607</u>

Note 3. Credit Risk and Concentrations

Visit Fort Wayne maintains operating cash balances at local area banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage at December 31, 2012 and 2011, were \$483,501 and \$304,625, respectively.

Note 4. Retirement Plan

Visit Fort Wayne provides a deferred compensation plan for all employees who have completed three years of service. Eligible employees receive a percentage of their salary towards an IRA established in their name. The plan is self-directed and noncontributory for the employees. Retirement plan expense was \$19,552 and \$24,394 for the years ended December 31, 2012 and 2011, respectively.

